

Franchise Tax Board**ANALYSIS OF ORIGINAL BILL**Author: HuffmanAnalyst: Kristina NorthBill Number: AB 28Related Bills: See Legislative HistoryTelephone: 845-6978Introduced Date: December 4, 2007Attorney: Patrick Kusiak

Sponsor: _____

SUBJECT: California Breast Cancer Research Fund/Extend Repeal Date to January 1, 2013**SUMMARY**

This bill would extend the sunset date of the California Breast Cancer Research Fund from January 1, 2008, to January 1, 2013.

PURPOSE OF THE BILL

According to the author's office, the purpose of this bill is to continue to provide an additional source of funding research for the cause, cure, and prevention of breast cancer.

EFFECTIVE/OPERATIVE DATE

This bill would be effective and operative beginning on or after January 1, 2008.

POSITION

Pending.

SUMMARY OF SUGGESTED AMENDMENTS**ANALYSIS**STATE LAW

Current state tax law allows taxpayers to make contributions of their own funds (not tax liability) on their tax returns to any of the 14 voluntary contribution funds (VCF) listed on the state personal income tax return (return).

With the following exceptions, VCFs remain on the return until they are either repealed or fail to meet their minimum contribution amount.

- Except for the California Seniors Special Fund, which has no sunset date, each VCF has a specific sunset date.
- Except for the California Seniors Special Fund, the California Firefighters Memorial Fund, and the California Peace Officer Foundation Memorial Fund, each VCF must meet an initial minimum contribution amount of \$250,000.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Department Director

Date

Selvi Stanislaus

1/19/07

- Except for the California Fund For Senior Citizens, each of the remaining VCF minimum contribution amounts is adjusted annually for inflation.

The annual inflation adjustment is based on the percentage change in the California Consumer Price Index. The Franchise Tax Board (FTB) is required to make the following two determinations for each VCF by September 1 of each calendar year:

1. The minimum contribution amount required for the VCF to remain on the return for the following calendar year, and
2. Whether estimated contributions to the VCF will be less than the minimum contribution amount for that calendar year.

If FTB estimates that a VCF will fail to meet or exceed the minimum contribution amount for a calendar year, that VCF is repealed effective January 1st of that calendar year.

THIS BILL

This bill would extend the operation of the California Breast Cancer Research Fund from January 1, 2008, to January 1, 2013. Thus, this VCF would last appear on the 2012 income tax return filed in 2013.

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would not significantly impact the department.

LEGISLATIVE HISTORY

SB 1365 (Speier, Stats. 2002, Ch. 484) extended the California Breast Cancer Research Fund repeal date from January 1, 2003, to January 1, 2008.

SB 602 (Alpert, Stats. 1997, Ch. 337) extended the California Breast Cancer Research Fund repeal date from January 1, 1998, to January 1, 2003.

PROGRAM BACKGROUND

The California Breast Cancer Research Fund first appeared on the 1992 return. The minimum contribution amount for calendar year 1997 was \$250,000 for the California Breast Cancer Research Fund. The minimum contribution amount is adjusted for each subsequent calendar year based on the California Consumer Price Index. In the past seven years, the fund has received the following total annual contributions:

2000	2001	2002	2003	2004	2005	2006 to 11/06
\$508,642	\$623,991	\$736,040	\$646,664	\$697,750	\$636,319	\$578,140

The California Breast Cancer Research Fund needs to receive \$330,142, to remain on the 2007 return filed in 2008.

FISCAL IMPACT

This bill would not significantly impact the department's costs.

ECONOMIC IMPACT

Revenue Estimate

Based on the discussion below, the revenue loss from this bill is as follows:

Estimated Revenue Impact of AB 28		
Effective Tax Years Beginning On or After January 1, 2008		
Assumed Enactment Date After June 30, 2007		
2007/2008	2008/2009	2009/2010
No impact	a\	a\

a/ losses less than \$150,000

Any possible changes in employment, personal income, or gross state product that might result from this bill are not taken into account.

Revenue Discussion

It is assumed that this fund will meet or exceed a minimum level contribution of \$250,000 each year this fund is on the return and that an itemized deduction is allowed and claimed for each contribution. By applying an average marginal tax rate of 6%, it is estimated that potential revenue losses total \$15,000 ($\$250,000 \times 6\% = \$15,000$). The revenue impact starts with the taxable year the itemized deduction is claimed on the tax return. The loss would be attributable to itemized deductions claimed for the contributions in the taxable year following the contributions.

LEGISLATIVE STAFF CONTACT

Kristina E. North
Franchise Tax Board
845-6978
Kristina.North@ftb.ca.gov

Brian Putler
Franchise Tax Board
845-6333
Brian.Putler@ftb.ca.gov